

Summary of the Continuation of Countermeasures (Takeover Defense Measures)
Against Large-Scale Purchases of Nippon Shokubai Co., Ltd. Shares

NIPPON SHOKUBAI CO., LTD. (the “Company”) received approval at its 95th Ordinary General Meeting of Shareholders held on June 20, 2007, for the introduction of countermeasures (takeover defense measures) in relation to a large-scale purchase (a “Large-Scale Purchase”) of the Company’s shares and other securities (Note 3) that would result in 20% or more of percentage of voting rights owned (Note 2) by a specified shareholders group (Note 1). The continuation of the countermeasures with partial amendment was subsequently approved by the shareholders at the 98th Ordinary General Meeting of Shareholders which was held on June 22, 2010 and the 101st Ordinary General Meeting of Shareholders which was held on June 20, 2013 (the countermeasures against the Large-Scale Purchase of the Company’s shares after continuation shall hereinafter be referred to as the “Rules”). The Rules were introduced for the purpose of promoting the common interests of the Company’s shareholders by maintaining and improving the Company’s corporate value, on a stable and ongoing basis. The Rules will expire at the closing of the 104th Ordinary General Meeting of Shareholders scheduled to be held on June 21, 2016 (the “Ordinary General Meeting”). The Board of Directors resolved at a meeting held on May 10, 2016 that the Rules shall continue to be in use with the same content until the closing of the ordinary general meeting of shareholders for the final fiscal year ending within three years of the Ordinary General Meeting, pursuant to Article 35, Paragraph 1 of the Company’s Articles of Incorporation. In connection with the foregoing we would like to provide notice of the following. If shareholder approval is not obtained at the Ordinary Meeting, the Rules will not be continued.

There are no changes to the policies or the fundamental structure of the Rules.

The Rules aim to ensure enhancement of the Company’s corporate value and the common interests of its shareholders

Please be advised that, as of May 8, 2013, there are no approaches or proposals from a party regarding large-scale acquisition of the Company’s shares.

1. Description of the Rules

The main purpose of the Rules is that, in the event that a Specified Shareholder Group (as defined below) conducting, or proposing to conduct, a Large-Scale Purchase for the Company’s shares or other securities (a “Large-Scale Purchaser”), the Company will consult its shareholders and the shareholders will decide whether the Large-Scale Purchase should be approved or whether takeover defense measures should be exercised. In other words, in order for the shareholders to make appropriate decision on a Large-Scale Purchase or a proposal of such purchase, the Company will ensure necessary and sufficient time, and have the Large-Scale Purchaser provide sufficient information through negotiations between the Board of Directors and the Large-Scale Purchaser. The Board of Directors will evaluate and consider such information and formulate an opinion of the Board of Directors which will then be disclosed. In addition to these information, the Board of Directors will submit its alternative proposal to the Company’s shareholders so that appropriate decision can be made by the shareholders at the general meeting of shareholders to maintain and improve the Company’s corporate value on a stable and ongoing basis.

Specifically, the Rules will be implemented pursuant to the following procedures. For details of the Rules, please refer to a press release entitled “Notification with Respect to the Continuation of Countermeasures (Takeover Defense Measures) against Large-Scale Purchases of Nippon Shokubai Co., Ltd. Shares”.

- ① If a Specified Shareholder Group (as defined below) intends to conduct a purchase (Note 4) or tender offer (Note 5) for the shares and other securities of the Company which would result in 20% or more of the Percentage of voting rights owned by such Specified Shareholder Group, the Company will ask such Specified Shareholder Group to submit, in advance, a purchase statement (the “Purchase Statement”) and information prescribed by the Company (the “Large-Scale Purchase Information”) to the Board of Directors of the Company.
- ② The Board of Directors of the Company shall examine the Large-Scale Purchase Information and negotiate with the Large-Scale Purchaser to improve the contents of the Large-Scale Purchase if necessary.
- ③ The Company will disclose to its shareholders the proposal submitted by the Large-Scale Purchaser and the alternative proposal prepared by the Board of Directors of the Company, in a manner that will allow the shareholders to compare the proposals.
- ④ If the Large-Scale Purchaser complies with the procedures of the Rules and submits necessary and sufficient information regarding the acquisition, the shareholders of the Company shall determine, at the general meeting of shareholders, whether or not such proposal should be approved.
- ⑤ If the proposal of the Large-Scale Purchaser is rejected at the general meeting of shareholders, the Board of Directors of the Company shall exercise the takeover defense measure against the Large-Scale Purchaser and will allocate stock acquisition rights without consideration) which are exercisable only by the Company’s shareholders (other than the Large-Scale Purchaser). On the other hand, if the proposal of the Large-Scale Purchaser is approved at the general meeting of shareholders, the Company shall not exercise the takeover defense measure, and the acquisition of the Company’s shares by the Large-Scale Purchaser shall proceed.

If the Large-Scale Purchaser does not comply with the procedures of the Rules, or if the Board of Directors of the Company determines that it is evident that such Large-Scale Purchaser will significantly damage the Company’s corporate value (for details, please refer to the press release entitled “Notification with Respect to the Continuation of Countermeasures (Takeover Defense Measures) against Large-Scale Purchases of Nippon Shokubai Co., Ltd. Shares”), the Board of Directors of the Company shall exercise the takeover defense measure after clarifying the basis of its determination.

2. Features of the Rules

- ① The Rules comply with three principles ((i) the principle of protecting and enhancing corporate value and shareholders’ common interests, (ii) the principle of prior disclosure and shareholders’ will and (iii) the principle of ensuring the necessity and reasonableness of defensive measures) set forth in the “Guidelines Regarding Takeover Defense for the Purpose of the Protection and Enhancement of Corporate Value and Shareholders’ Common Interests” jointly released by the Ministry of Economy, Trade and Industry (“METI”) and the Ministry of Justice on May 27, 2005.

Furthermore, the Rules take into consideration the details of the Corporate Value Study Group report entitled “Takeover Defense Measures in Light of Recent Environmental Changes” released by METI on June 30, 2008.

- ② The Rules are intended for the Company’s shareholders to determine whether or not to approve a purchase proposal for the Company’s shares, and are not intended for arbitrary decisions for self protection by the management of the Company.
- ③ The Rules shall be effective for three years (until the closing of the general meeting of shareholders to be held in June 2019. Provided, however, that the Board of Directors of the Company may abolish the Rules at any time.

(End of Document)

(Note 1) “Specified Shareholder Group” shall have the following meaning:

- ① A person (“holder” as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Law of Japan (the “Exchange Law”), including persons defined as a holder pursuant to Article 27-23, Paragraph 3 of the Exchange Law) holding shares and other securities (shares and other securities as defined in Article 27-23, Paragraph 1 of the Exchange Law) of the Company, and joint holders of such holder (joint holders as defined in Article 27-23, Paragraph 5 of the Exchange Law, including persons defined as joint holders pursuant to Article 27-23, Paragraph 6 of the Exchange Law); or
- ② A person conducting a purchase (purchase or other acquisition as defined in Article 27-2, Paragraph 1 of the Exchange Law, including purchases conducted in the securities trading market) in respect of the Company’s shares and other securities (as defined in Article 27-2, Paragraph 1 of the Exchange Law) and specially related parties (as defined in Article 27-2, Paragraph 7 of the Exchange Law) of such person.

(Note 2) “Percentage of voting rights owned” shall have the following meaning:

- ① In the situation described in “①” of “(Note 1)” above, the share holding percentage represented by shares and other securities of the Company that are held by a Specified Shareholder Group. (Share holding percentage as used in the Rules shall have the same meaning as is defined in Article 27-23, Paragraph 4 of the Exchange Law. Furthermore, the number of shares and other securities held (as defined in Article 27-23, Paragraph 4 of the Exchange Law) by joint holders of such holder shall also be considered in the calculation of share holding percentage); or
- ② In the situation described in “②” of “(Note 1)” above, the total share ownership percentage (as defined in Article 27-2, Paragraph 8 of the Exchange Law) represented by shares and other securities of the Company that are owned by a Specified Shareholder Group and its Specially Related Parties.

(Note 3) “Shares and Other Securities” shall have the following meaning:

- ① In the situation described in “①” of “(Note 1)” above, the shares and other securities (as defined in Article 27-23, Paragraph 1 of the Exchange Law) held by a Specified Shareholder Group; or
- ② In the situation described in “②” of “(Note 1)” above, the shares and other securities (as defined in Article 27-2, Paragraph 1 of the Exchange Law) owned by a Specified Shareholder Group.

(Note 4) “Purchases” shall mean purchases as defined in Article 27-2, Paragraph 1 of the Exchange Law, and shall include purchases conducted in the securities trading market.

(Note 5) “Tender Offer” shall mean a tender offer as defined in Article 27-2, Paragraph 6 of the Exchange Law.